



FRIDAY March 12, 2004

U.S. INTERNATIONAL TRANSACTIONS: FOURTH QUARTER AND YEAR 2003

Preliminary estimates of Current-Account Balance

Fourth Quarter

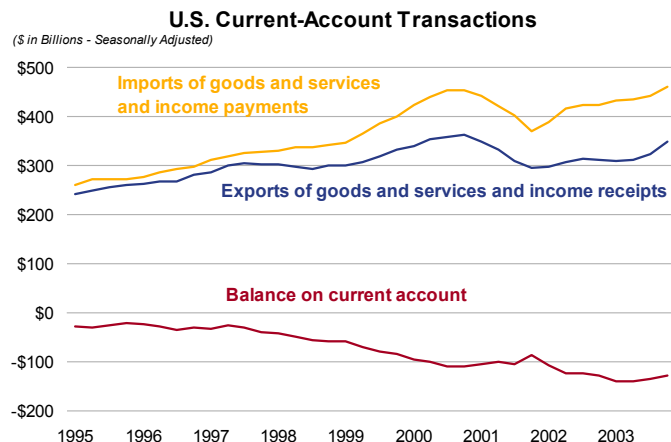
Current Account

The U.S. current-account deficit—a broad measure of receipts and payments for trade in goods and services, income, and net unilateral current transfers, such as gifts—decreased to \$127.5 billion (preliminary) in the fourth quarter of 2003 from \$135.3 billion (revised) in the third.

The deficit on goods increased to \$139.2 billion from \$136.2 billion, as goods imports increased more than goods exports. The increase in imports was more than accounted for by increases in consumer goods, in automotive products, and in capital goods. More than half of the increase in exports was accounted for by a step-up in capital goods; all other major commodity categories also increased.

The surplus on services increased to \$16.3 billion from \$14.6 billion, as services receipts increased more than services payments. The largest increases in receipts were in travel, in “other” private services (such as business, professional, and technical services, and financial services), and in “other” transportation (such as freight and port services). Much of the increase in payments was in “other” private services and in travel.

The surplus on income increased to \$12.5 billion from \$3.0 billion, as income receipts increased much more than income payments. The increase in receipts was almost entirely accounted for by a large increase in direct investment receipts. The increase in payments was attributable to increases in “other” private payments (which consists of interest and dividends), in direct investment payments, and in U.S. Government payments.



Financial Account

Net recorded financial inflows—net acquisitions by foreign residents of assets in the United States less net acquisitions by U.S. residents of assets abroad—were \$180.9 billion in the fourth quarter, up from \$105.9 billion in the third.

U.S.-owned assets abroad increased \$51.1 billion in the fourth quarter after they had increased \$13.7 billion in the third. Among these assets, U.S. claims on foreigners reported by U.S. nonbanking concerns increased in the fourth quarter after they had decreased in the third, and financial outflows for U.S. direct investment abroad strengthened. In contrast, net U.S. purchases of foreign securities slowed, and U.S. claims on foreigners reported by U.S. banks decreased more in the fourth quarter than in the third.

Foreign-owned assets in the United States increased \$232.0 billion in the fourth quarter after they had increased \$119.6 billion in the third. Net foreign purchases of U.S. securities other than U.S. Treasury securities increased sharply, U.S. liabilities to foreigners reported by U.S. banks increased more in the fourth quarter than in the third, and net financial inflows for foreign direct investment in the United States strengthened. In contrast, net foreign purchases of U.S. Treasury securities slowed, and U.S. liabilities to foreigners reported by U.S. nonbanking concerns decreased in the fourth quarter after they had increased in the third.

BEA's data—including GDP, personal income, the balance of payments, foreign direct investment, the input-output accounts, and economic data for states, local areas, and industries—are available on its Web site: <www.bea.gov>.

NOTE: Additional information that becomes available in the coming months will be incorporated in a revised estimate of the fourth-quarter current-account balance—and new estimates of the first-quarter 2004 current-account balance—on June 18, 2004.

Contact: Ralph Stewart 202-606-9690

Bureau of Economic Analysis
U.S. Department of Commerce

The Year 2003

Current Account

The U.S. current-account deficit—a broad measure of receipts and payments for trade in goods and services, income, and net unilateral current transfers, such as gifts—increased to \$541.8 billion in 2003 from \$480.9 billion in 2002.

The deficit on goods increased to \$549.4 billion from \$482.9 billion, as goods imports increased more than goods exports. About one-third of the increase in imports was attributable to an increase in petroleum and petroleum products; the largest increases in nonpetroleum products were in consumer goods and in nonpetroleum industrial supplies and materials. Among exports, agricultural and nonagricultural products both increased; more than half of the increase in nonagricultural products was attributable to a rise in nonagricultural industrial supplies and materials.

The surplus on services decreased to \$59.2 billion from \$64.8 billion, as services payments increased more than services receipts. The increase in payments was more than accounted for by increases in “other” private services (such as business, professional, and technical services, and financial services), in “other” transportation (such as freight and port services), and in direct defense expenditures; travel declined. Among receipts, increases in “other” private services, in royalties and license fees, and in “other” transportation were partly offset by decreases in travel and passenger fares.

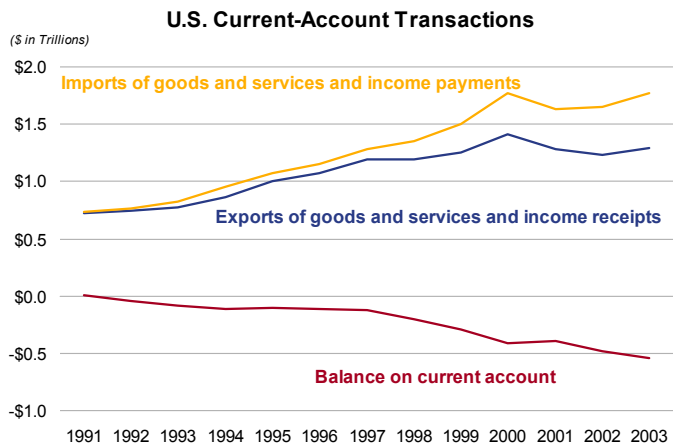
The balance on income shifted to a surplus of \$16.6 billion from a deficit of \$4.0 billion, as income receipts increased and income payments decreased slightly. The increase in receipts was more than accounted for by an increase in direct investment receipts. Among payments, decreases in “other” private payments (which consists of interest and dividends) and in U.S. Government payments were largely offset by an increase in direct investment payments.

Financial Account

Net recorded financial inflows—net acquisitions by foreign residents of assets in the United States less net acquisitions by U.S. residents of assets abroad—were \$579.0 billion in 2003, up from \$528.0 billion in 2002.

U.S.-owned assets abroad increased \$277.7 billion in 2003 after they had increased \$179.0 billion in 2002. The pickup was largely attributable to a shift to net U.S. purchases of foreign securities from net U.S. sales and an increase in net financial outflows for U.S. direct investment abroad.

Foreign-owned assets in the United States increased \$856.7 billion in 2003 after they had increased \$707.0 billion in 2002. Foreign official assets in the United States increased much more in 2003 than in 2002, and net foreign purchases of U.S. Treasury securities and net financial inflows for foreign direct investment in the United States both strengthened. In contrast, net foreign purchases of U.S. securities other than U.S. Treasury securities slowed.



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NOTE: Additional information that becomes available in the coming months will be incorporated in revised estimates of the 2002 and 2003 current-account balances on June 18, 2004.

Contact: Ralph Stewart 202-606-9690

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